

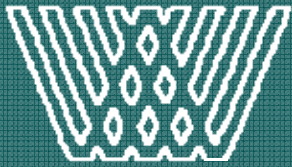


WOODSTOCK INSTITUTE

Mortgage Lending and Foreclosure Patterns in Chicago Neighborhoods

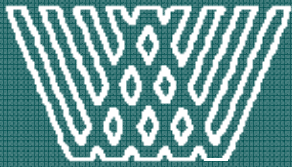
*Geoff Smith, Vice President
Woodstock Institute*

*City of Chicago Five Year Housing Plan
Advisory Group Meeting
Federal Reserve Bank of Chicago
Chicago, IL
April 22, 2008*



Woodstock Institute

- Chicago-based non-profit research and policy organization working locally and nationally to promote economic development in lower-income and minority communities
- Work with financial institutions, policy makers, regulators, and community organizations to promote access to affordable mortgage products, small business loans, and other financial services in underserved communities
- Concerns around subprime mortgage lending and the impact of foreclosures have been key community development issue
 - Research
 - Policy
 - Alternatives



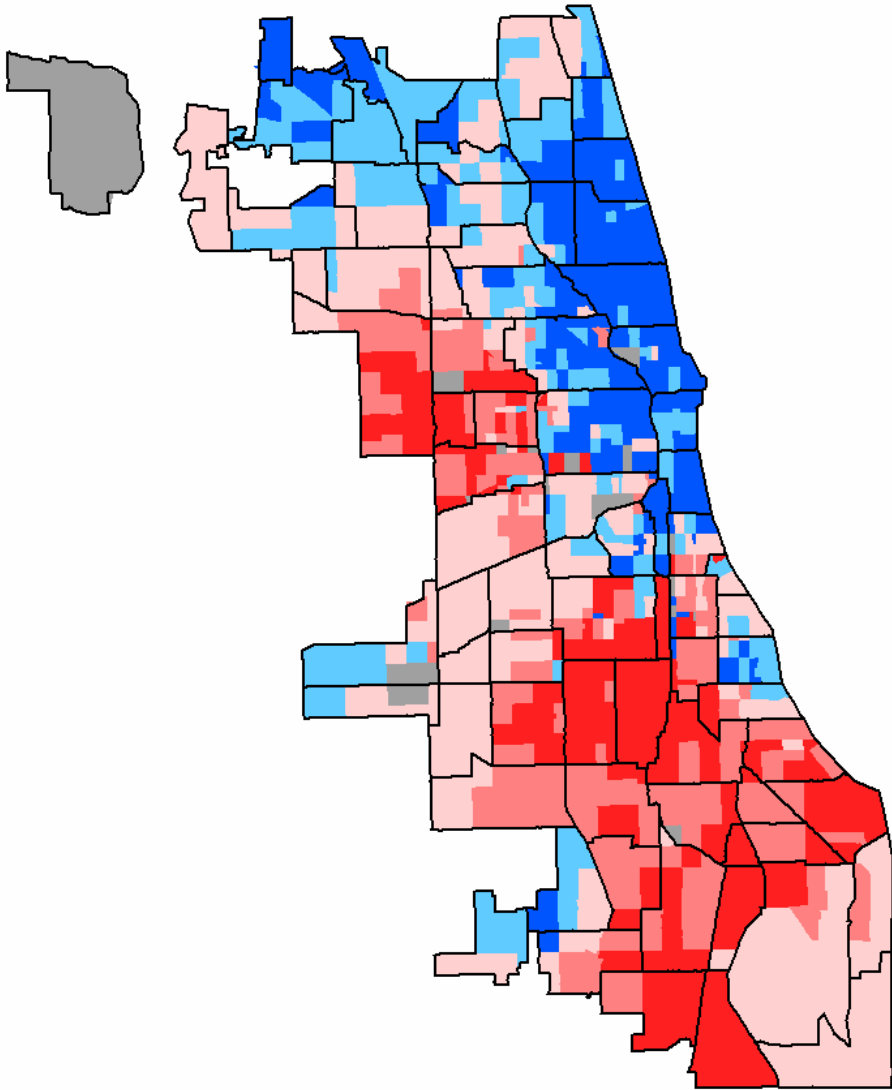
Mortgage Lending Context – Potential Problem Loans

- **Higher Cost Mortgages**
 - Defaults on subprime, adjustable rate mortgages have been the leading cause of foreclosures
 - City of Chicago market share – 38.4%
 - Market share in highly minority communities – 57.5%
- **Investment Properties**
 - Borrowers more likely to walk away
 - Impact on renters
 - Percent of loans to non-owner occupants – 14%
- **Defunct Subprime Lenders**
 - Concerns around lending practices and servicing
 - Percent of total Chicago loans – 12.5%
- **Junior Liens**
 - Indicator of low levels of equity
 - More challenging work-outs
 - Percent of home purchases with junior lien – 39%
- **FHA Loans**
 - Currently small market share, but likely to increase
 - FHA/VA market share – 1.3%

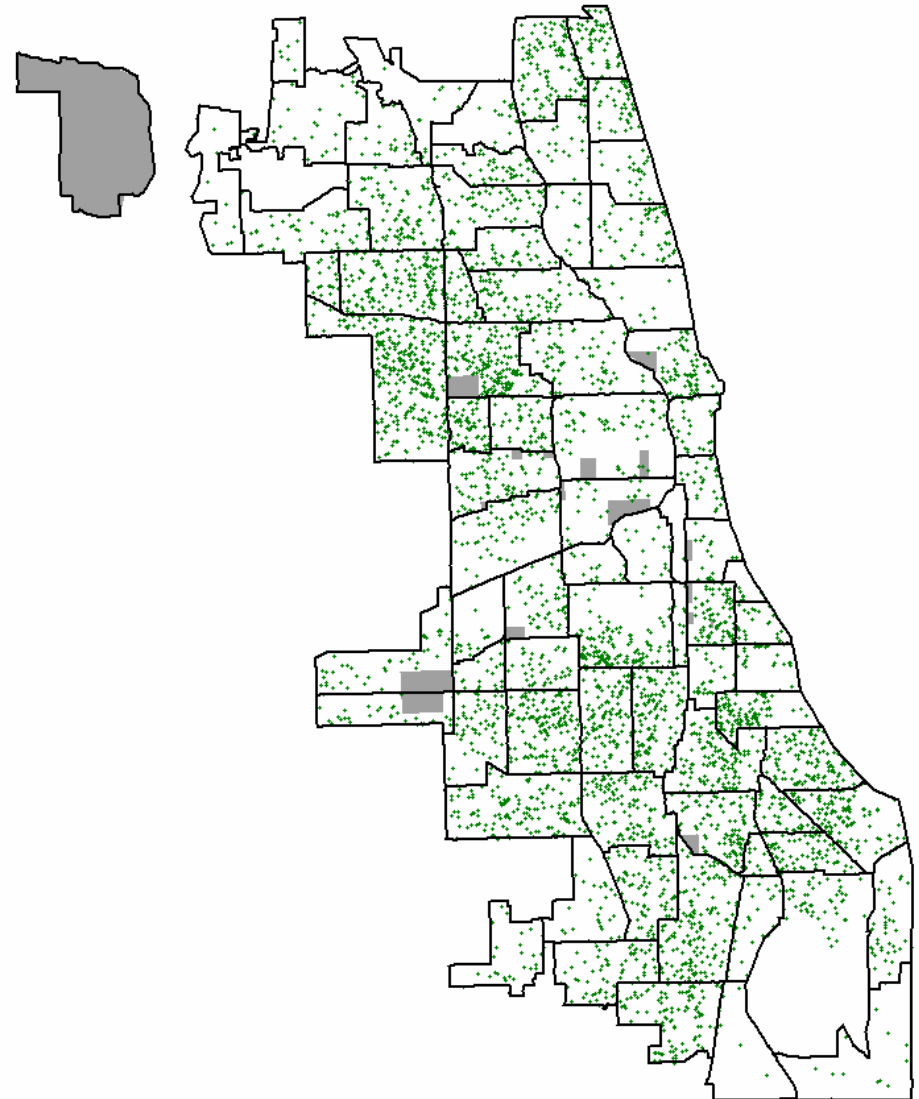


Mortgage Lending Context – Potential Problem Loans

Market Share Higher Cost Loans, 2006



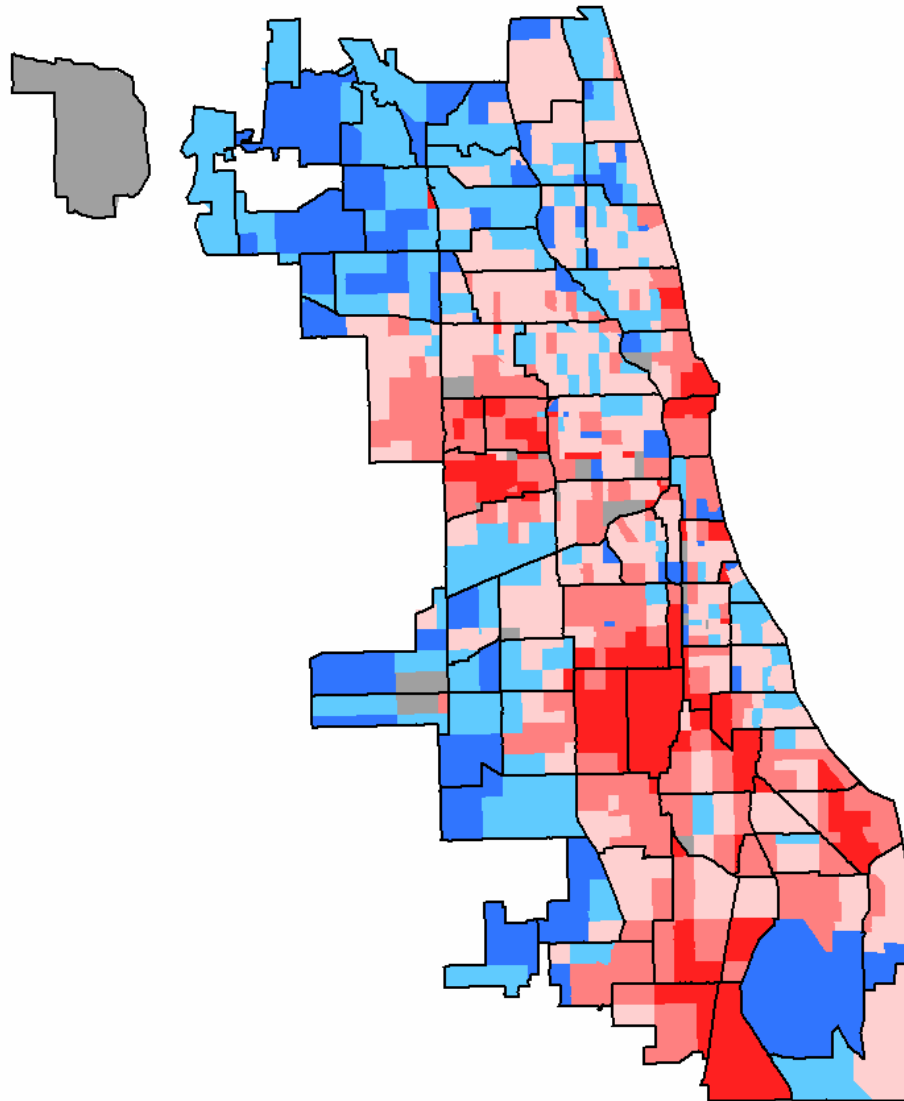
Very High APR Loans, 2006



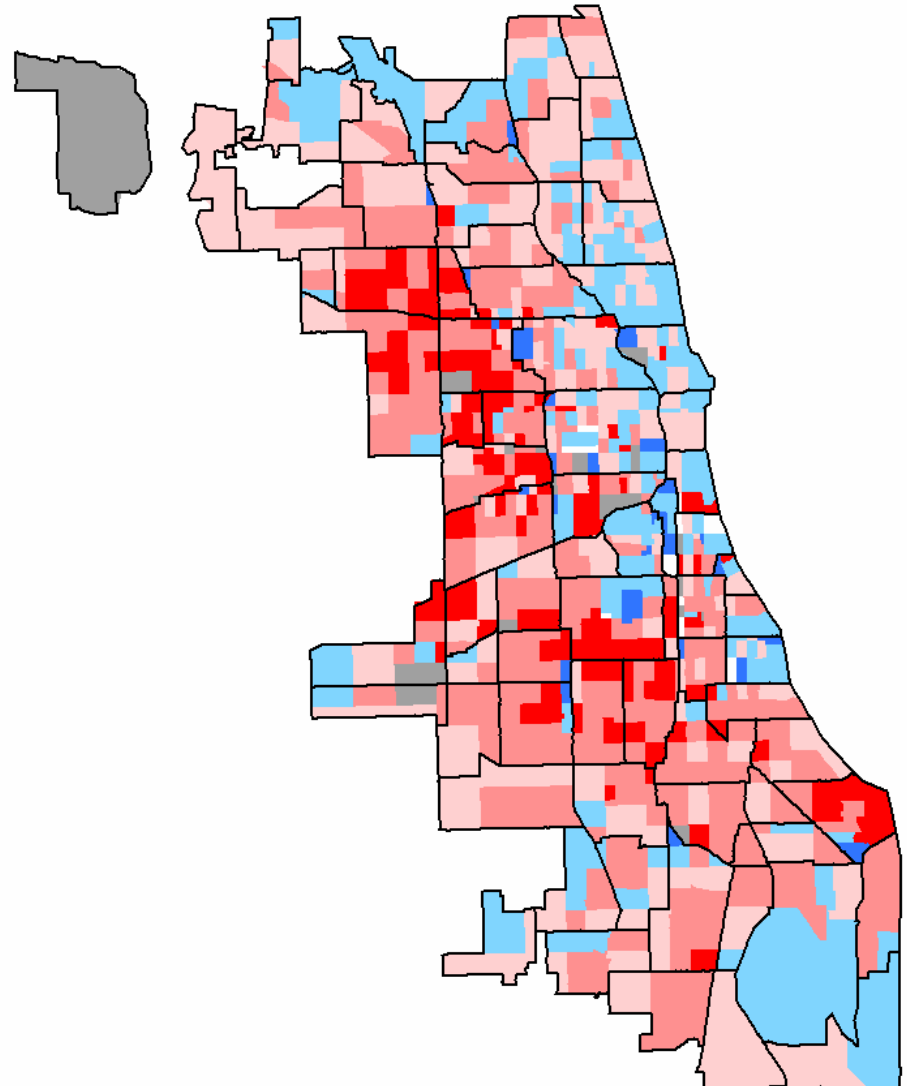


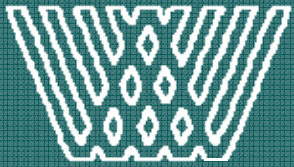
Mortgage Lending Context – Potential Problem Loans

Percent Loans to Non-Owner Occupied Properties, 2006



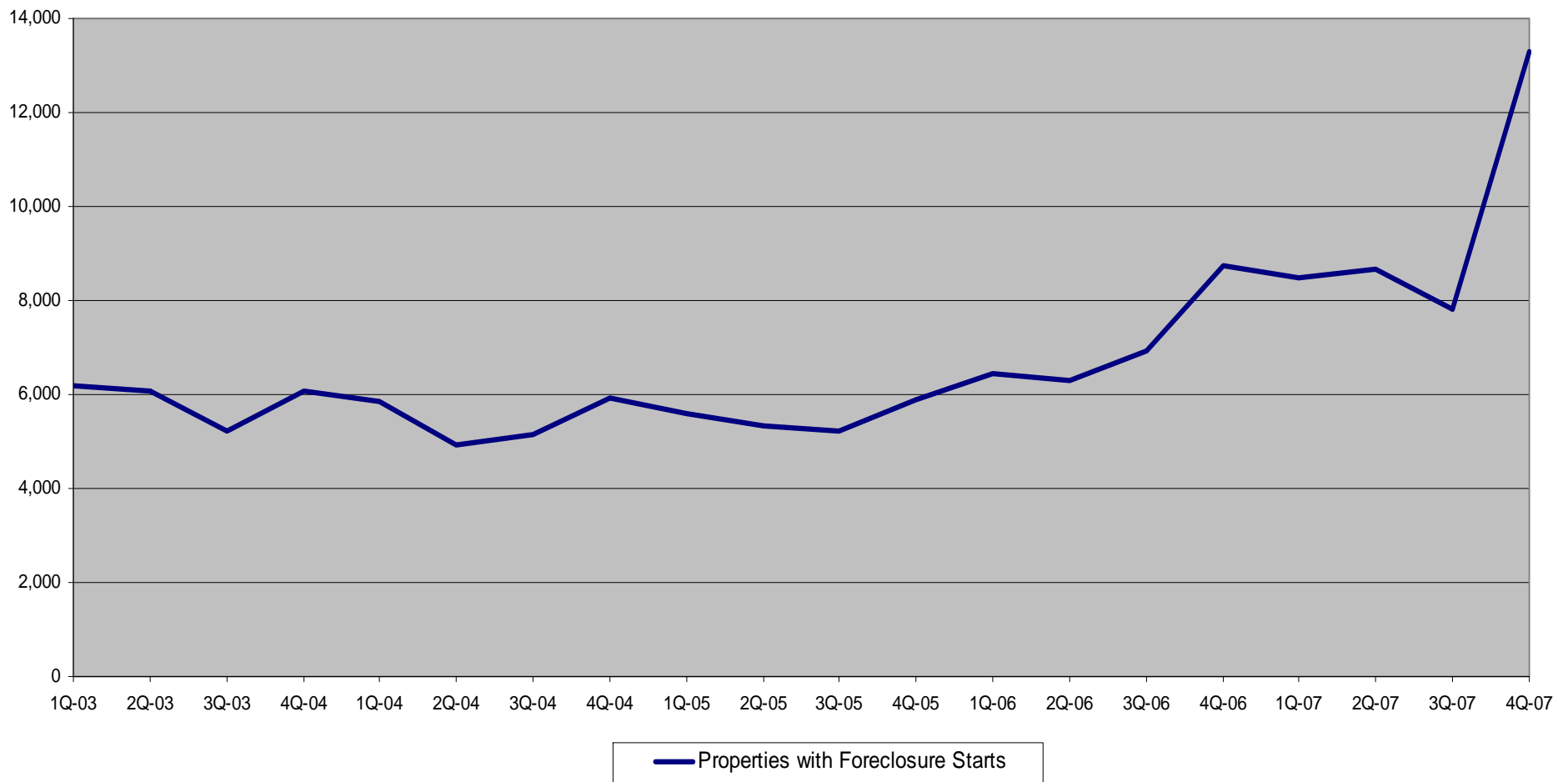
Percent Home Purchase Loans with Junior Liens, 2006



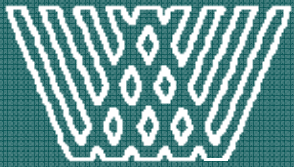


Foreclosure Trends in the Chicago Region

Quarterly Changes in Chicago Area Foreclosure Starts, 2003 to 2007

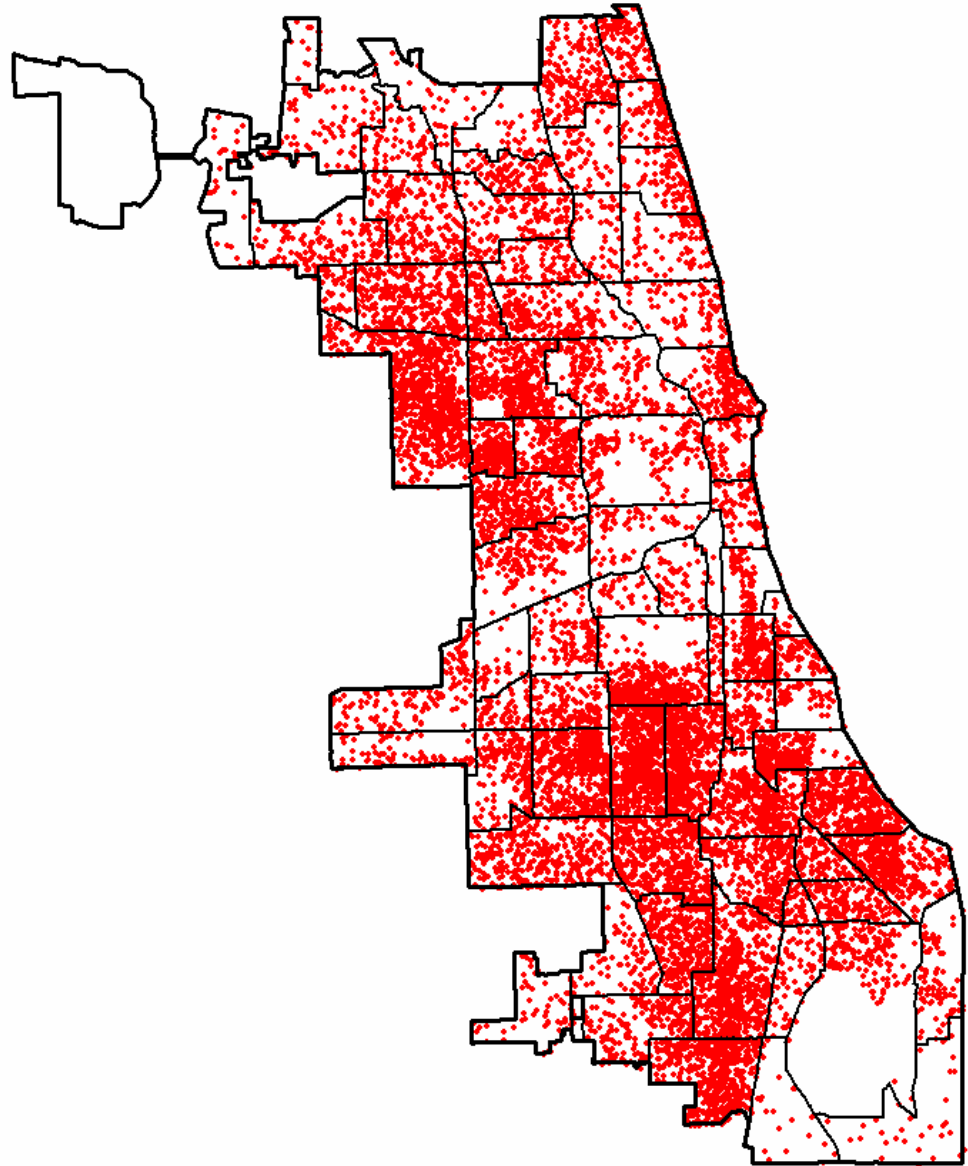


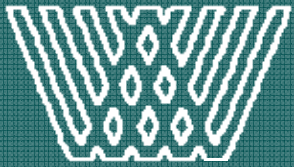
Source: Woodstock Institute analysis of data from Foreclosure Report of Chicago



2007 Foreclosures in Chicago

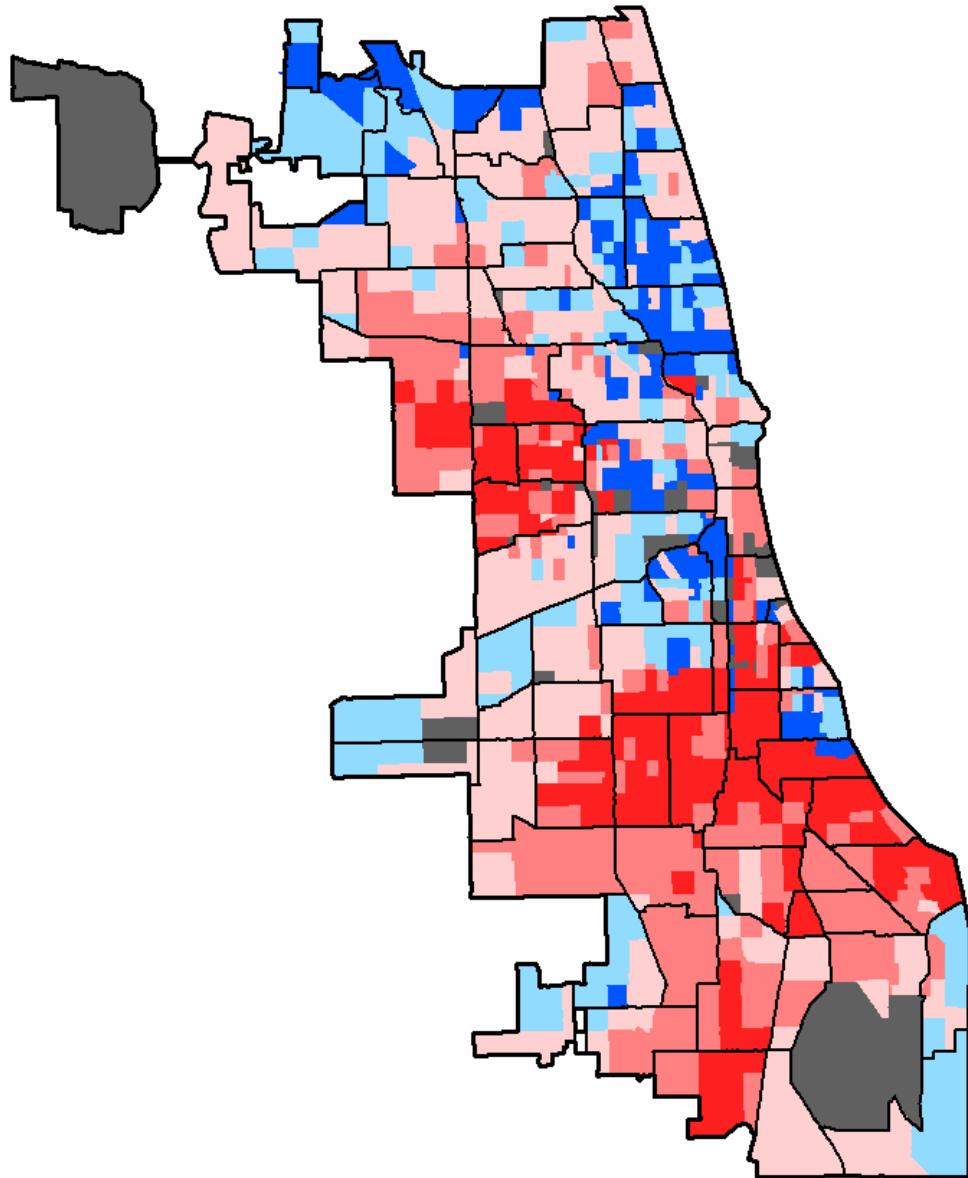
- **City of Chicago - 85 percent increase between 2005 and 2007**
 - Albany Park – 341%
 - North Park – 330%
 - West Ridge – 244%
 - Near South Side – 225%
 - Avondale – 191.4%
- **City of Chicago - 13,872 single family properties with foreclosure filings**
 - Austin – 810
 - West Englewood – 669
 - Roseland – 580
 - Englewood – 516
 - Chicago Lawn - 513





2007 Foreclosures in Chicago

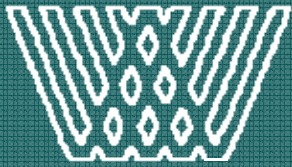
- **City of Chicago - 24.4** single family foreclosures per 1,000 mortgageable properties
- **Top Five**
 - Washington Park – 103.3
 - Grand Boulevard – 87.2
 - Woodlawn – 82.6
 - West Garfield Park – 75.7
 - Englewood – 68.7
- **Bottom Five**
 - Armour Square – 2.0
 - Edison Park – 3.7
 - Lincoln Park – 5.0
 - Lakeview – 5.5
 - North Center – 5.6











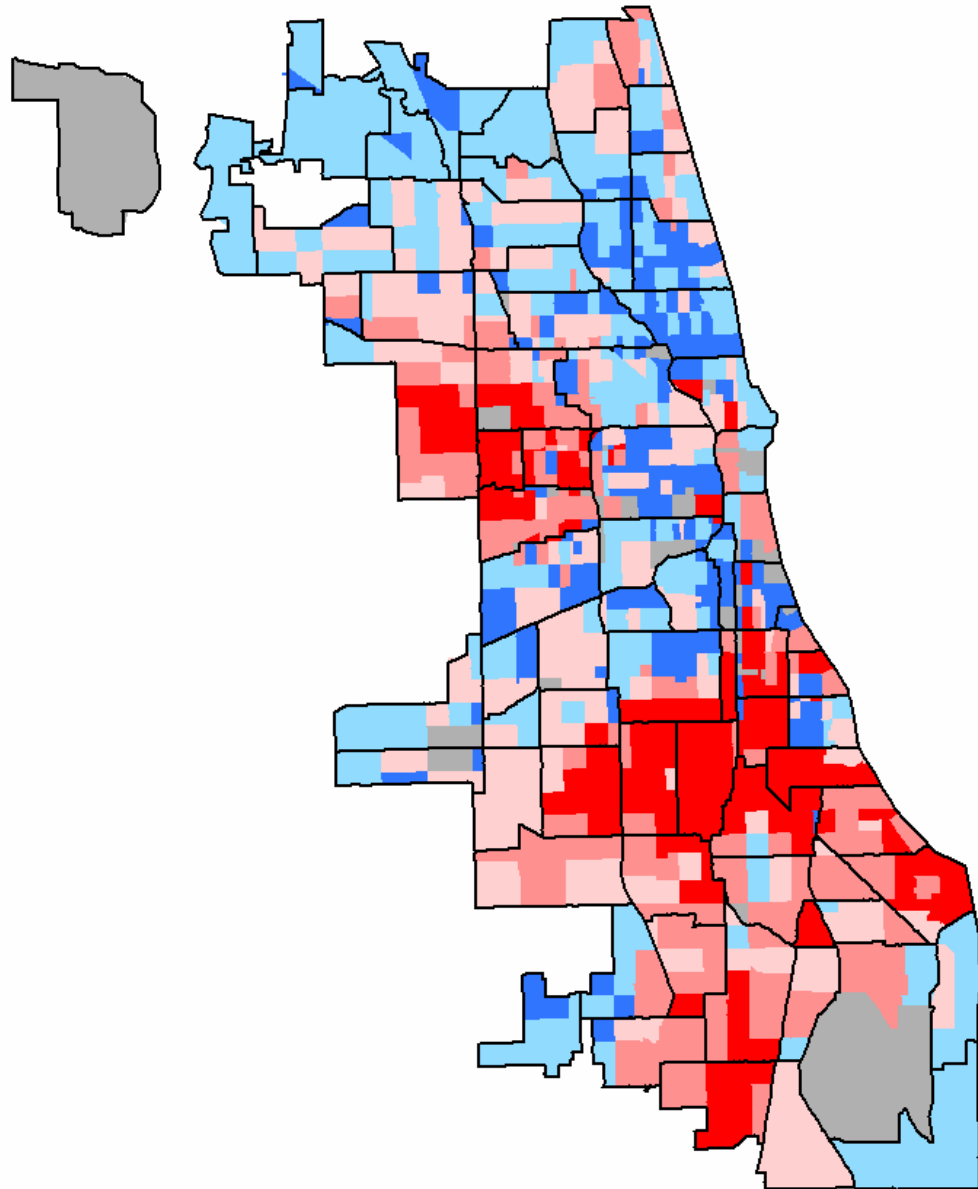
Foreclosure Outcomes

- Possible Outcomes of Foreclosure Filing
 - Negotiate loan modification and/or repayment plan – Homeowner
 - Negotiate short sale – Third Party Buyer
 - Deed in lieu of foreclosure – REO
 - Foreclosure goes to auction – Legal completion of foreclosure process
 - Buyer – Third Party Buyer
 - Lender – REO
- Growing number of foreclosures going to auction
 - 2005 – 2,271
 - 2007 – 6,103
 - 169% increase
- Growing number of auctions going to plaintiff
 - 2005 – 64 percent
 - 2007 – 96 percent



2007 Foreclosures in Chicago

- **City of Chicago - 10.3** single family auction REOs per 1,000 mortgageable properties
- **Top Five**
 - Washington Park – 52.2
 - Grand Boulevard – 46.5
 - Englewood – 45.3
 - Woodlawn – 41.4
 - W. Englewood – 40.8
- **Bottom Five**
 - Edison Park – 0.7
 - Lincoln Park – 0.8
 - Mount Greenwood – 0.9
 - Armour Square – 1.0
 - North Center – 1.4











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